

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman; and
Robert G. Taub

Competitive Product Prices
Priority Mail Express & Priority Mail Contract 14 (MC2013-58)
Negotiated Service Agreement

Docket No. CP2013-79

ORDER APPROVING AMENDMENT TO
PRIORITY MAIL EXPRESS & PRIORITY MAIL CONTRACT 14
NEGOTIATED SERVICE AGREEMENT

(Issued March 10, 2014)

I. INTRODUCTION

The Postal Service seeks to amend Priority Mail Express & Priority Mail Contract 14.¹ For the reasons discussed below, the Commission approves the contract, as amended.

In Order No. 1831, the Commission approved Priority Mail Express & Priority Mail Contract 14 (Existing Agreement).² On February 26, 2014, the Postal Service filed notice that it has agreed to an amendment to the existing Priority Mail Express & Priority

¹ Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Express & Priority Mail Contract 14, February 26, 2014 (Notice). The Amendment is Attachment A to the Notice (Amendment).

² See Docket Nos. MC2013-58 and CP2013-79, Order Adding Priority Mail Express & Priority Mail Contract 14 to the Competitive Product List, September 11, 2013 (Order No. 1831).

Mail Contract 14. On February 27, 2014, the Commission issued an order reopening this docket to consider the Amendment, appointing a Public Representative, and providing interested persons with an opportunity to comment.³

The Amendment changes the prices for some of the customer's Priority Mail contract packages.⁴ It is scheduled to take effect one business day following the day on which the Commission issues all necessary regulatory approval. Amendment at 1. The Postal Service filed supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3015.5. Notice at 1; see *also id.* at Attachment B. The Postal Service asserts that the Amendment will not impair the ability of the contract to comply with 39 U.S.C. § 3633(a). *Id.*

II. COMMENTS

Comments were filed by the Public Representative.⁵ No other interested person submitted comments. The Public Representative reviewed all public and non-public documentation filed in this docket. PR Comments at 2. Based on that review, she concludes that the Existing Agreement, as amended, should comport with all applicable statutory requirements. *Id.*

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

³ Order No. 2003, Notice and Order Concerning Amendment to Priority Mail Express & Priority Mail Contract 14, February 27, 2014.

⁴ *Compare* Amendment at 2 (filed under seal) *with* Docket Nos. MC2013-58 and CP2013-79, Request of the United States Postal Service to Add Priority Mail Express & Priority Mail Contract 14 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, August 30, 2013, Attachment B at 3 (filed under seal).

⁵ Public Representative Comments on Notice and Order Concerning Amendment to Priority Mail Express & Priority Mail Contract 14, March 7, 2014 (PR Comments).

Cost considerations. The Commission reviews competitive product prices to ensure that they meet the applicable requirements of 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

The Amendment changes the prices for some of the customer's Priority Mail contract packages. The supporting revenue and cost data show that the contract, as amended, should cover its costs for the remainder of the first contract year. The annual rate adjustment provision in section I.G. of the amended contract should allow the amended contract's revenues to cover costs for the duration of the contract. The Commission will continue to review the cost coverage of the contract in its Annual Compliance Determination to ensure that rates cover costs.

The Amendment does not materially affect the underlying financial analysis of the contract. Thus, the Commission finds that the contract, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Postal Service states that the Amendment is scheduled to take effect one business day following the day on which the Commission issues all necessary regulatory approvals. Amendment at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

Within 30 days of the termination of the contract, as amended, the Postal Service shall file the annual (contract year) costs, volumes, and revenues disaggregated by weight and zone associated with the contract.

In conclusion, the Commission approves Priority Mail Express & Priority Mail Contract 14, as amended.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves Priority Mail Express & Priority Mail Contract 14, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.
3. Within 30 days after the Priority Mail Express & Priority Mail Contract 14, as amended, terminates, the Postal Service shall file the annual (contract year) costs, volumes, and revenues disaggregated by weight and zone associated with the contract.

By the Commission.

Shoshana M. Grove
Secretary